

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
MARCH 20, 2006**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, March 20, 2006.

The meeting was called to order by Chairman Greg A. Krodel who presided.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Greg A. Krodel – Chairman
Ken Sendelweck – Secretary
Michael A. Schwenk – Electric Commissioner
Jeffrey S. Theising – Water Commissioner
Edward J. Kreilein – Wastewater Commissioner
Alex Emmons – Gas Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Windell Toby – Electric Generation Manager
Thomas A. Lents – Wastewater Manager
Michael A. Oeding – Gas & Water Manager
Kenneth R. Schultz – Business Manager
Sandy Hemmerlein – City Attorney

ABSENT:

Mike Harder – Vice Chairman
Bud Hauersperger – General Manager

PLEDGE OF ALLEGIANCE (B-22)

Chairman Greg Krodel led the Pledge of Allegiance.

BID OPENING: DRYING BED CONCRETE WORK – WASTEWATER (B-35)

City Attorney Sandy Hemmerlein stated the notice to bidders was published in the Herald on February 22, 2006 and March 1, 2006. Hemmerlein opened the bids and read them aloud as follows:

- | | | |
|----|---|---|
| 1. | Aqua Utility Services LLC Jeffersonville, IN | \$151,514.00 +3,500.00 Alt #1 – rebar on 18” centers -11,700.00 Alt #2 – 8” runners without stabilizers |
|----|---|---|

The bid included a signed non-collusion affidavit.

2. Deig Brothers \$78,935.00
Evansville, IN +2,230.00 Alt #1 – rebar on 18” centers
+4,870.00 Alt #2 - concrete rubbing of walls

The bid included a signed non-collusion affidavit.

3. Krempp Lumber \$86,513.00
Jasper, IN +1,660.00 Alt #1 – rebar on 18” centers

The bid included a signed non-collusion affidavit.

4. Tol Test, Inc. \$106,790.00
Odon, IN +1,300.00 Alt #1 – rebar on 18” centers

The bid included a signed non-collusion affidavit.

5. Sendelweck Construction \$73,500.00
Jasper, IN No alternates

The bid included a signed non-collusion affidavit.

Secretary Ken Sendelweck commented that there is no relationship between him and Sendelweck Construction.

Ed Kreilein made a motion for Tom Lents to take the bids under advisement and report back at the next meeting. Alex Emmons seconded the motion. Motion approved, 6-0.

QUOTE OPENING: STACK PAINTING – ELECTRIC GENERATION (B-141)

Sandy Hemmerlein opened the quotes and read them aloud as follows:

1. Hamon Custodis \$44,699.00
Brazil, IN

The quote included a non-collusion affidavit.

2. Gerard Chimney Co. \$21,500.00
St Louis, MO

The quote included a non-collusion affidavit.

3. R & P Industrial Chimney Co., Inc. \$17,236.00
Nicholasville, KY

The quote did not include a non-collusion affidavit.

Windell Toby requested Board approval to proceed with the low quote if it meets specifications because he would like to start the stack painting during the scheduled shut down starting April 1st.

Sandy Hemmerlein pointed out to Toby that the low quote didn't include a non-collusion affidavit and he needs to obtain the affidavit before the contract can be awarded.

Alex Emmons made a motion to allow Windell Toby to award the contract to the low bidder, subject to the quote meeting the specifications and receiving a non-collusion affidavit. Mike Schwenk seconded the motion. Motion approved, 6-0.

QUOTE OPENING: BACKHOE REPLACEMENT PROGRAM – GAS & WATER (B-210)

Sandy Hemmerlein opened the quotes and read them aloud as follows:

- | | | | |
|----|-------------------------------------|-----------|--|
| 1. | Whayne Supply Co. Evansville, IN | Option #1 | \$80,427.00 <u>-50,000.00</u> trade-in \$30,427.00 |
| | | Option #2 | \$22.98 per machine hour for 12-month lease with option to purchase at the end of the lease term |

The quote included a non-collusion affidavit.

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|----|-----------------------------------|-----------|--|
| 2. | Hopf Equipment Huntingburg, IN | Option #1 | \$69,070.00 according to specs <u>-56,370.00</u> trade-in \$12,700.00 |
| | | Option #2 | \$72,840.00 with additional specs <u>-56,370.00</u> trade-in \$16,470.00 |

The quote included a non-collusion affidavit.

Ken Sendelweck made a motion for Mike Oeding to take the quotes under advisement and report back at the next meeting. Mike Schwenk seconded the motion. Motion approved, 6-0.

APPROVAL OF MINUTES (B-313)

Chairman Greg Krodel presented the minutes of the February 20, 2006 regular meeting and there being no corrections or amendments, asked for a motion to approve. Ed Kreilein made a motion to approve the February 20, 2006 minutes as presented. Jeff Theising seconded the motion. Motion approved, 6-0.

Chairman Krodel also presented the minutes of the March 3, 2006 special meeting and there being no corrections or amendments, asked for a motion to approve. Ken Sendelweck made a motion to approve the March 3, 2006 minutes as presented. Jeff Theising seconded the motion. Motion approved, 6-0.

PUBLIC BUSINESS: REQUEST TO VACATE ALLEYS (B-348)

Attorney Bill Kaiser, special counsel for Design Institute America, came before the Board to request the vacation of several alleys that are currently located under their building.

Mr. Kaiser presented a map of the building and the alleys.

Mr. Kaiser stated there is currently a transaction pending to sell the DIA building and the issue with the alleys was discovered while doing the title work.

According to Mr. Kaiser and the utility managers, there are no existing utility issues in connection with the request for vacation.

Mike Schwenk made a motion to recommend to the City Council to vacate the alleys as described by Mr. Kaiser. Ed Kreilein seconded the motion. Motion approved, 6-0.

MERCURY LEVELS – POWER PLANT (B-418)

Windell Toby informed the Board that according to the Mercury Boiler Mact Rules, the power plant is in compliance with everything except mercury, which will require stack testing to determine the extent of the mercury and the solution. Toby said the power plant has to be in compliance by mid 2007.

Toby requested Board approval to seek quotes for stack testing for mercury to be done in June or July of this year.

Ed Kreilein made a motion to allow Windell Toby to seek quotes for stack testing. Jeff Theising seconded the motion. Motion approved, 6-0.

ELECTRIC PLANNING COMMITTEE REPORT (B-458)

Mike Schwenk, Chairman of the Electric Planning Committee, stated the committee did not meet during the past month.

UPDATE – STATE ROAD 56 PROJECT (B-459)

Mike Oeding reported the gas mains have all been installed and the air tests have been done. All of the work should be completed by the end of the week, weather permitting, except for a little clean up work.

BISHOP/VICKERS WATER METER INSTALLATION CONTRACT (B-468)

Mike Oeding presented a contract with James Vickers and Richard Bishop to do water meter installations for \$28.00 per meter. Oeding explained they are changing out inside water meters, which requires gaining access to homes and running wire to the outside.

Sandy Hemmerlein said the name of the company is J & D Contract Services Co.

Oeding said there are approximately 1,000 water meters to be changed out, but some are outside meters, which can be changed out by water utility personnel.

Jeff Theising made a motion to approve the contract with J & D Contract Services Co. for \$28 per meter. Alex Emmons seconded the motion. Motion approved, 6-0.

GAS PLANNING COMMITTEE REPORT (B-525)

Alex Emmons, Chairman of the Gas Planning Committee, stated the committee did not meet during the past month.

WATER PLANNING COMMITTEE REPORT (B-527)

Jeff Theising, Chairman of the Water Planning Committee, stated the committee did not meet during the past month.

REQUEST FOR SEWER EXTENSION OUTSIDE CITY LIMITS (B-528)

Tom Lents requested approval from the Board, on behalf of Jeremy Werner, to extend City sanitary sewer to his property in the Green Meadows area, just adjacent to, but outside the City limits.

Mayor Schmitt said he would like to see the Board set a policy requiring the main line extension to the property rather than having a service line crossing someone else's property.

Ed Kreilein made a motion to allow Jeremy Werner to connect to the City sanitary sewer, subject to signing the annexation waiver. Mike Schwenk seconded the motion. After discussion, Ed Kreilein amended his motion to include the requirements that Mr. Werner must extend the main to his property and he must have a manhole installed at the end of the main. Motion approved, 6-0.

Tom Lents said in the case of sanitary sewer the situation is a little different because when you end a line you need to put in a manhole, which is generally very expensive. Lents said the only other drawback is you end up with a lot of manholes. Lents said Mr. Werner wanted to just extend a service line across his neighbor's property since he is adjacent to a lot with a manhole already in place.

Alex Emmons asked if this should be put in an ordinance. Ken Schultz said this would probably fall under the Use Ordinance, which needs to be re-written. Sandy Hemmerlein said this was briefly discussed with General Manager Bud Hauersperger last week. Chairman Krodel suggested passing this on to Bud to get this formalized.

Mayor Schmitt presented a map showing Mr. Werner's property.

REQUEST TO AMEND 2006 CAPITAL EXPENDITURE PLAN – WASTEWATER (B-727)

Tom Lents said that General Manager Bud Hauersperger has been evaluating the purchase of a mini-excavator to be shared by all of the utilities. He estimated the cost to be about \$50,000.

Lents said since his department's needs are a little different from the other utilities, Bud wanted it to be added to his capital expenditure plan. Having it on a capital expenditure plan would allow him to proceed with examining the different types of mini-excavators.

Jeff Theising said he has seen a mini-excavator in use and he thinks it would be a good investment.

Ed Kreilein made a motion to amend the Wastewater 2006 Capital Expenditure Plan to include the \$50,000 line item for a mini-excavator. Jeff Theising seconded the motion. Motion approved, 6-0.

WASTEWATER PLANNING COMMITTEE REPORT (A-17)

Ed Kreilein, Chairman of the Wastewater Planning Committee, stated the committee did not meet during the past month.

RESOLUTION RECOMMENDING WASTEWATER RATE ADJUSTMENT (A-18)

Ken Schultz reminded the Board that at the October 2005 meeting they tabled any action on a wastewater rate adjustment until the March meeting.

Schultz briefly reviewed the rate study results.

Schultz said there are two things to consider in the rate study; the analysis of the rates and cost of service; and, the analysis of the East/Southwest project debt service.

The study showed the total projected annual revenues of \$3,047,768 are not sufficient to cover the total projected revenue requirement of \$3,077,022, for a shortfall of \$29,454, which by itself would not necessitate a rate adjustment.

The cost of service has two parts to it, the base rate and the flow charge. The base rate (fixed charge per month) generates revenue to cover fixed costs such as billing and collection, collection operation and maintenance, and collection capital costs. The flow charge (charge per cuft.) generates revenue through usage to cover variable costs such as treatment operation and maintenance and treatment capital costs. The analysis shows these two charges to be out of alignment (the base rate is low and the flow rate is high) and they need to be realigned in order to generate sufficient revenues to cover the appropriate fixed and variable costs. Schultz said it should be noted that the "out of alignment" condition did not happen overnight, but has been growing since the last rate adjustment in 1998. The last rate study performed in 2003 identified this condition, but because the Board deemed it non-critical at that time, it was decided to let it ride until the results of the 2005 rate study confirmed the growing inadequacy. If this "out of alignment" condition is not corrected, it will continue to be an increasing problem. Because of this analysis, a rate adjustment is recommended. The impact of the proposed rate adjustment on residential monthly bills, based on an average user (5,000 gallons or 667 cuft per month) would be an increase of 1 cent. Those using less than average would see slightly higher bills and those using more than average would see slightly lower bills.

The original monthly East/Southwest project debt service charge was calculated at \$29.95, spread over 241 participants, but additional connections have increased the number of participants to 250. Because the debt service requirement will be fulfilled on June 30, 2006, and we will no longer have to fund the

Debt Service Reserve account, and due to the added participants, we will be able to lower the monthly debt service charge to the customer from \$29.95 to \$23.95, effective July 1, 2006.

Schultz presented Resolution #USB2006-02 for the Board's consideration.

Schultz commented that H. J. Umbaugh still owes us a visit, according to the rate study agreement, and they will be attending the public hearing for the rate adjustment.

Mike Schwenk made a motion to approve and recommend the rate adjustments to the City Council as per Resolution #USB2006-02. Ken Sendelweck seconded the motion. Motion approved, 6-0.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (A-181)

Ken Sendelweck reported the Finance Committee had met and reviewed the claims on the Claim Docket.

Also presented was a claim on behalf of Harrison & Moberly, LLP in the amount of \$8,641.78, representing legal services relating to the Titan litigation issue for the Wastewater Project. SRF and BIF funds have been exhausted, therefore after Utility Service Board approval, the above referenced claim will be paid from Wastewater funds.

The Finance Committee recommended approval of the claims as presented.

Jeff Theising made a motion to approve the claims as presented. Mike Schwenk seconded the motion. Motion approved, 6-0.

RATE ADJUSTMENT INFORMATION (A-204)

Councilman Butch Schitter asked Ken Schultz to provide information to the council members showing how the wastewater rate adjustments would affect customers. Schultz said he would put together some information.

There being no further business to come before the Board, the meeting was adjourned at 8:15 PM upon motion by Ed Kreilein and second by Jeff Theising. Motion approved, 6-0.

Attest: _____
Secretary

Chairman